

1400, Thursday, 17 May, 2007

311 Cannon House Office Building

House Committee on Homeland Security

Subcommittee on Management, Investigations, and Oversight

Subcommittee on Border, Maritime and Global Counterterrorism

With RADM Blore, Mr. Skinner, and CAPT Baynes

“Deepwater: Charting a Course for Safer Waters”

Good afternoon,

**Madam Chairwoman/Mr. Chairman, distinguished members of the
Subcommittees.**

**I respectfully request that my written statement be entered into the
official record.**

**I am grateful for the opportunity to discuss with you what your
Coast Guard is doing to strengthen the Integrated Deepwater
System program. I am also pleased to be here with my
departmental colleague, Mr. Skinner, and to note how valuable it is
to have Captain Baynes at the table to represent the operational
perspective.**

**In regards to our Coast Guard operations, we must always bear in
mind that the Deepwater program is not an academic exercise.**

Rather, Deepwater is about giving real people the real tools they need to do real-world missions: securing our maritime borders, saving lives, ensuring national security and protecting natural resources.

The Coast Guard awarded the Deepwater contract in June 2002 to Integrated Coast Guard Systems (ICGS), a joint venture between Lockheed Martin and Northrop Grumman. From the beginning, Deepwater's scope was broad, encompassing recapitalization, modernization and sustainment of our legacy cutters, aircraft and command, control & communication systems. In 2005, the Department of Homeland Security approved a revised post-9/11 Mission Needs Statement and implementation plan for Deepwater. That revised plan projected what is today a 25-year, \$24 billion program—the largest acquisition in Coast Guard history.

In preparing to come before you, I considered whether to highlight the challenges that we have faced, and the hard lessons we have learned and are building upon. But, your hearing theme--Charting a Course for Safer Waters—led me to direct my opening remarks toward our efforts to develop and implement a plan of action as we move forward.

As you know, the commandant has led the charge in our efforts to strengthen Deepwater. In fact, Admiral Allen's first action as

commandant was to direct a consolidation of all Coast Guard acquisition functions, aggregating the 15 Deepwater projects, with the service's other acquisition programs, under a single management organization.

With the commandant's full support, we have begun to implement the *Blueprint for Acquisition Reform*, our plan for restructuring and re-prioritizing the service's acquisition enterprise. The plan will strengthen our capabilities in program execution, support, contracting and human capital management. On July 13, I will transition to lead the consolidated directorate, as Rear Admiral Ron Rabago, seated behind me, will have stepped into my place as program executive officer of Deepwater.

Fundamentally, the acquisition consolidation is aimed at balancing our programs' approaches to cost, schedule and performance. Of course, I agree with the IG that lower risk in each of these areas is best. But in the Coast Guard, holding out for the lowest risk solutions or approaches hasn't always been an option. I believe the IG would agree with me that we have real world requirements to meet today, even as we are executing programs to deliver future capabilities.

This doesn't mean the tyranny of daily activities should allow us to compromise good acquisition program management – but rather, that the importance of mission execution should inform acceptable risk. Regarding program management, by incorporating recommendations from DHS and DOD senior leadership, OMB, GAO, and this Congress – and under the direction of our Commandant, the program has incorporated 12 significant initiatives during the last year.

These include:

- Government transitioning into the role of systems integrator;**
- Independent, third-party assessments of new designs and major project changes;**
- A more robust relationship with partners at NAVSEA and NAVAIR;**
- Reinvigorating business case analysis as a basis for acquisition decision-making; and,**
- Strengthening acquisition training and certification programs; to name but a few.**

With 84 re-engined HH-65C helicopters flying, two National Security Cutters under construction, our first Long Range Interceptor in the water, eight CASA maritime patrol aircraft on contract, and C4ISR upgrades completed on 39 legacy cutters and 3 Communications and Command Centers, Deepwater has truly reached a turning point in our ability to inject robust government oversight and systems integrator skills into this acquisition.

In conclusion; While I believe the nation continues to be well-served by its Coast Guard, I also believe recapitalization is paramount to our ability to conduct future missions. As you will hear from Captain Baynes, our crews have seen first-hand the advantages Deepwater equipment brings to the fight—and they want and deserve more.

We have assembled a team of dedicated personnel who are revitalizing our acquisition forces to reinstitute project and process discipline. I ask for your continued support for the Deepwater program to enable us to build on the progress made in recapitalizing the Coast Guard.

Thank you. I look forward to your questions.